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WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

1 September 1965

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THE SITUATION IN SOUTH VIETNAM

(26 August - 1 September 1965)

C O N T E N T S

	<u>Page</u>
THE WEEK IN PERSPECTIVE	iii
Map, South Vietnam, following page	
I. THE SITUATION IN SOUTH VIETNAM	1
A. POLITICAL SITUATION	1
Premier Ky warns against further student demonstrations (p. 1); Protest rally in Da Nang denounces General Thieu (p. 1); Buddhist involvement remains uncertain (p. 2); [REDACTED] criticisms of Ky (p. 2); Military Directorate faces further stress (p. 3); Inconclusive government talks with FULRO (p. 3); Retail price index slightly higher (p. 4); New exchange system goes into effect (p. 4).	
B. MILITARY SITUATION	6
Operations again favor GVN (p. 6); Incident statistics (p. 6); Major VC threat possible in III Corps (p. 6); VC mortars and artillery are analyzed (p. 7); Two major clearing operations improve communications only slightly (p. 7); Large-scale operations and VC contacts decrease (p. 8); Significant activities in various corps zones (p. 8).	

-i-

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	<u>Page</u>
C. RURAL RECONSTRUCTION	10
<p>GVN outlines measures to implement pacification program (p. 10); Ky considers decentralization is key to effectiveness (p. 10); General Lansdale to advise on economic and social programs (p. 10); Number of returnees drops sharply (p. 10).</p>	
II. THIRD COUNTRY DEVELOPMENTS	12
<p>Premier Ky calls for united effort by free nations, announces new visit (p. 12); Foreign minister goes to Singapore (p. 12); Ky reported disappointed with Thai reception (p. 12); African tour planned for Vietnamese diplomat (p. 13).</p>	
III. DEVELOPMENTS IN THE BLOC	14
<p>Two new SAM sites spotted in DRV (p. 14); Six US aircraft lost to DRV fire (p. 14); North Vietnamese delegation confers in Paris (p. 14); DRV friendship group returns from Moscow (p. 14); Brezhnev attacks US Vietnam policy (p. 15).</p>	

ANNEX SOUTH VIETNAM BATTLE STATISTICS

(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA, and INR; it is edited and published by CIA without final coordination. A fully coordinated Monthly Report will be disseminated Friday, 10 September, and on the first Friday of every month thereafter.)

THE WEEK IN PERSPECTIVE

Premier Ky has spoken out against continuing student unrest, warning that existing laws will be utilized to deal sternly with antigovernment demonstrations. Although remaining nonviolent in nature, and with meetings still relatively poorly attended, the student protest movement has picked up some slight momentum. The ousting from power of chief of state General Thieu now seems to be the principal objective of the students, with the mobilization decree fading as a target of criticism. Ky has answered this particular challenge by emphasizing that government leadership is on a collective basis.

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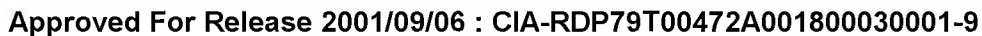
Private criticism of Premier Ky by [REDACTED] has added an ominous note to the student unrest in central Vietnam. [REDACTED] charges that Ky is not up to the responsibilities of the premiership, and predicts that the government will not last more than two months. [REDACTED] thus far is taking a detached attitude toward student demonstrations in Hué, and he may well view this situation as a potential vehicle for coming into power in Saigon. The US Embassy, in an assessment of the political situation, points out that the grace period has ended for the present regime and that the generals must pull together if they are to survive against internal opposition.

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The significant military development of the week was the intensification of Viet Cong activity in the Saigon area.



I. THE SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. In an effort to quell simmering student unrest, Premier Nguyen Cao Ky has warned that the military regime will not tolerate unconstructive criticism and will deal harshly with antigovernment demonstrations. Ky, in a 31 August statement, said that the government would be forced to implement existing laws against smear campaigns, a clear reference to student attacks against chief of state General Nguyen Van Thieu. Ky emphasized that since governmental decisions are reached on a collective basis, no one individual can be singled out as a target of criticism. It is problematical whether student critics will be deterred to any significant extent by Ky's words alone, since one of the key charges leveled against the Saigon government is its failure to implement a sweeping 26-point reform program announced by Ky soon after assuming office.

2. Student opposition to the government gathered some slight momentum during the past week, but is still far from being a strong movement. Demonstrations, which had largely been confined to Hue and Saigon, on 30 August spread to the city of Da Nang where several thousand people attended an antigovernment rally in the central market. The crowd, generally orderly as in the case of all demonstrations to date, applauded speeches denouncing General Thieu. The ousting of Thieu from power, rather than opposition to the government's mobilization decree, now seems to be the principal focus of the student struggle movement. Hue continues to be the center of student discord, and although attendance at the almost daily demonstrations there remains relatively

small, some degree of popular influence is seen in the success of student calls for short periods of work stoppage by shop owners and cyclo drivers.

3. The exact role of militant Buddhist leader Thich Tri Quang in the current agitation in Hue is still uncertain. Quang apparently has now left Saigon for Hue, but thus far has not thrown his considerable weight directly behind the students. According to one report, the 30 August demonstration in Da Nang received some direction from Buddhist leaders, although they remained in the background. [REDACTED] also

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suspects that the recent and as yet unconfirmed reports of a new peace movement being organized by youthful Buddhist leader Thich Quang Lien may be a devious plot to bring about government repression, thereby providing the Buddhists with an issue.

4. An ominous aspect to the student unrest is the private criticism of Premier Ky made recently by [REDACTED]

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[REDACTED]. On 25 August [REDACTED] voiced the opinion to a US official that the Thieu-Ky government would not last more than two months. [REDACTED] argued that Ky is overwhelmed by the responsibilities of office, that the government has not fulfilled any of its promises, and that the people--particularly those in I Corps--are becoming restless. Although [REDACTED] previously had always exhibited a willingness to work in a form of partnership with Ky, he may view the current student unrest as a potential vehicle for vaulting into power in Saigon. However, [REDACTED] is playing his typically cautious game, and it is difficult to tell at what point his tolerance of the student protest movement might be construed as more than merely allowing critics a chance to blow off steam. [REDACTED] has said that he would take steps to head off any anti-American manifestations.

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5. Further indications of stresses and strains within the ruling Military Directorate have been revealed by Foreign Minister Tran Van Do, who says he is worried by signs of mutual suspicion and rivalry between Ky, Thieu, [REDACTED] as well as among their immediate followers. Do has also complained of the lack of progress in the government, charging that the decision-making process is too slow because of the need to obtain Directorate approval.

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6. The US Embassy feels that the grace period has ended for the present regime, and that Ky and the other generals must be prepared to cooperate and present a unified front to opposition if they are to survive. The embassy appraisal notes that sufficient time now has elapsed for potential opponents to have measured the strengths, weaknesses, and vulnerabilities of the Saigon regime. The appraisal points out that while it is important for the government to act decisively to put down disorders that might erupt in trouble spots, due caution must be exercised to avoid alienation of power groups such as the Buddhists.

7. The Vietnamese Government is still engaged in inconclusive talks with leaders of the dissident tribal organization known as FULRO. A recent report suggests that FULRO's initial demands--including that of autonomous status in an envisioned federated republic of Vietnam--are being scaled down to more reasonable objectives centering about reforms in local administrative and economic matters. Vietnamese leaders are divided between those who advocate a ruthless handling of the FULRO issue--i.e., bombing dissidents unless they submit fully to Saigon authority--and those who favor a lenient approach. The overall problem is complicated by the traditional distrust that exists between the Vietnamese and the minority tribesmen. In this connection, Vietnamese leaders have also shown extreme sensitivity to US programs utilizing the tribesmen for paramilitary operations.

8. Directory Chairman Nguyen Van Thieu discussed GVN conditions for negotiations and peace in a speech at the Thu Duc Reserve Officers' School on 27 August. Thieu called on the Communists to put an end to their political and military organizations as well as their sabotage activities in South Vietnam, and to withdraw all their troops and cadres to the North. "As far as we are concerned," he said, "the above preconditions have to be met if the Viet Cong want to talk about negotiations and peace." He also added that "we cannot barter our honor, our territorial integrity and national sovereignty as a nation with aggressors." Thieu dismissed as a Communist trap all talk of neutrality and "a democratic coalition."

Economic Situation

9. The retail price index moved up again last week, rising by 1.5 percent; it is, however, only 1.1 percent higher than a month ago. The price index for US-financed commodities dropped 0.9 percent, having risen earlier in the month. It is now 2.7 percent higher than a month ago, and 5.4 percent above official levels. The Saigon rice market continues to be stable; stocks are declining, however, as scheduled imports have not arrived as soon as expected and needs have increased due to continued refugee inflows.

10. The new exchange system arranged with the GVN last week went into effect on 31 August. It is intended to curtail the black market and help restore GVN control over foreign exchange. The liberalized exchange arrangement for foreign personnel is reinforced by the introduction of a military payment certificate system.

11. Vietnamese coastal shipping capacity remains at 16,000 tons per month, far below the 54,000 tons required. As reported in the Weekly Report

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of 11 August, the GVN was to charter eight additional vessels by 27 August, but these ships have not yet come into service. Meanwhile, the US Mission is making its own arrangements for eight Japanese vessels, and expects to have them in service around 15 September, increasing monthly capacity to about 40,000 tons.

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B. MILITARY SITUATION

1. Military operations favored the GVN again this past week, although the kill ratio decreased to 3.06 to one in favor of government forces from the 14 to one ratio of the previous week. Viet Cong activity increased slightly and was characterized by the usual pattern of terrorism and harassment. Attacks were limited generally to lightly defended government centers of influence in the interior, and the Viet Cong generally avoided contact with major South Vietnamese and US forces. Two battalion-sized attacks were reported--one each in III and IV Corps.

2. The week's incident total increased from 486 to 534. Terrorism was high as usual, comprising 62 percent of all incidents, or 329 as compared to the previous week's 296. Sabotage decreased slightly, from 78 to 73, but included numerous instances of rail removals and destruction. There was a rise in antiaircraft actions, with 79 against 50 the previous week. Propaganda incidents fell off to 41, from 51. The IV Corps zone was the scene of the largest number of incidents--190, or 36 percent of the total.

3. A moderate increase of Viet Cong activity was reported from III Corps where a major threat may be developing. Ralliers have stated that a Viet Cong regiment, designated the 302nd, has completed its training cycle in Tay Ninh Province and is now moving eastward into the area comprising Binh Duong and the southern portions of Binh Long and Phuoc Long Provinces. In other developments in III Corps, a series of Viet Cong attacks in Long An Province in the vicinity of the Capital Military Region caused heavy friendly casualties. An estimated 450 Viet Cong were involved in one attack. The simultaneous attack on Tan Nhut outpost--about 12 miles from the capital--and the mortaring of near-by Binh Chan district town followed by just a few hours a Liberation Front broadcast urging encirclement of Saigon and increased

attacks on communication lines. Viet Cong activity in IV Corps was highlighted by a battalion-size attack against a government outpost in An Xuyen Province.

4. The Viet Cong extensively employed mortars and heavy weapons in harassing actions last week, and used artillery on two occasions. Analysis of rotating bands of duds and fragments recovered after the 24 August bombardment of Bien Hoa Air-base shows use of US-type M48 rounds associated with US 75-mm. howitzers. After the shelling of Tan Uyen, about eight miles north of Bien Hoa, on 24 August, projectile duds and impact fuzes from 70-mm. ammunition used in the Chinese Communist/Japanese type 92 infantry howitzer, were recovered. This is the first confirmed use of 70-mm. pack howitzers of this type since early 1964. Howitzer ammunition has been captured by ARVN forces on several occasions.

5. Interdiction of lines of communication by road-blocks, railroad sabotage, interruption or prohibition of travel, taxation, harassment, and killing of drivers continues to a significant extent throughout the country. As a consequence of major GVN and US clearing operations on Routes 19 and 21, the communications picture improved somewhat; however, military traffic on these roads must still be escorted. National Route 1 remains closed in Quang Ngai, and Binh Thuan and Binh Tuy Provinces. Route 19 is closed to the west of Pleiku city but passable to the east. Routes 7 and 14 are closed. Interprovincial Routes 40 in Phong Dinh Province, 7 in Kien Giang Province, and 1 in Phuoc Long Province are closed to military traffic. The national railroad is operating from Saigon to Xuan Loc, Long Khanh Province; Song Mao, Binh Thuan Province to Ninh Hoa, Khanh Hoa Province; Phan Rang, Ninh Thuan Province to Dalat, Tuyen Duc Province; and from Hue, Thua Thien Province to Dong Ha, Quang Tri Province. COMUSMACV reports that the Viet Cong

have been demonstrating increased mobility through the use of captured trucks in II and III Corps and by junks in the numerous waterways of the delta.

6. GVN/US operations of battalion or larger size decreased during the week from 103 to 88 and those making contact with the Viet Cong also decreased by 14 percent to 41. Small unit actions increased to 21,180 for the week but those resulting in contact with enemy forces decreased slightly. As evidence that the Viet Cong are avoiding friendly forces, the total number of operations making one or more enemy contacts was less than one half of one percent of the total number of combined small and large units actions initiated by the GVN and US.

7. In I Corps, government military activity was concentrated in the coastal regions, with the major emphasis on securing operations. II Corps military actions were aimed at opening the roads into the highlands to facilitate the movement of supplies. Convoys in this sector travelled Route 19 from Qui Nhon to An Tuc and on Route 21 from Nha Trang to Ban Me Thuot without incident last week. The center of ARVN military activity in III Corps was in Hau Nghia and Long An Provinces in support of Hop Tac. B-52 raids were also carried out against Viet Cong installations in War Zone D with unknown results. In IV Corps, operations in the delta were highlighted by a search and destroy mission against a Viet Cong battalion which had been spotted by aerial reconnaissance. Four battalions, quickly helilifted into the area, received heavy fire at the landing zone, with 29 of the 54 transport helicopters hit by ground fire. Air strikes enabled the ground forces to advance. Although 50 Viet Cong are known to have been killed, major enemy elements were able to escape after dark. Government casualties numbered 57 killed and 114 wounded.

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8. Follow-up reports on operation LAM SON 190 in Quang Tri Province indicate that the 13 August B-52 strike was a devastating surprise, demoralizing the Viet Cong who lost 20 to 40 killed in the strike. Also, friendly reoccupation of the Ba Long Valley is a great psychological boost for the GVN.

-9-

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C. RURAL RECONSTRUCTION

1. The first joint session of the US/GVN Council held since 23 July was convened on 28 August, and dealt with the subject of pacification, which Premier Ky described as the single most important program in Vietnam. Bui Diem, special assistant to the premier, touched on the broad outlines of an effective pacification program, but did not develop any new concepts. In a discussion of the outlines for the GVN program it was determined that implementation of the pacification program will be the responsibility of the Ministry of Rural Construction. This ministry will have under its jurisdiction (a) a pacification representative in each province; (b) the training, replacement, and supervision of cadres; (c) defensive units for the cadres; (d) development of the Chieu Hoi program; and (e) a strong program for refugees.

2. In response to a question from the Ambassador regarding implementation of the new pacification program, Premier Ky replied that the government did not intend to create new cadres. Ky said it is envisioned to use assets at hand more effectively. Consideration is to be given to reorganization so that more authority can be decentralized to the corps commanders and province chiefs rather than maintaining large central organizations in Saigon. Under this plan, for example, the province chief would normally be the pacification chief for the province. The failure to release budgeted funds from Saigon to the areas where they are needed was cited as an example of a need for decentralization of programs so that maximum effective use of resources can be achieved.

3. It was announced in Saigon during the week that General Lansdale has been appointed chairman of the US mission liaison group to the GVN Central Rural Construction Council. His other responsibilities will include being an advisor to the US Mission on the implementation of economic and social programs considered vital to defeating the Communist insurgency effort.

4. According to GVN officials, 523 persons returned to government control during the period 22-28 August. This total represents a sharp drop from the previous week when 2,697 individuals were reported to have returned to the government side. Of the total number,

158 were military, 33 political cadres, three draft dodgers, and 329 civilians. Last week the totals in these categories were 155 military, 58 political cadres, one draft dodger, and 2,483 civilian returnees.

5. During the past week, several trips by the Minister of Social Welfare convinced him that the government is going to have to take a greater interest in the refugee problem. One solution may lie in the proposal to create a ministerial post to deal with the subject. The recently-created US Mission Refugee Task Force is currently developing plans for assisting in handling the refugee problem. Generally, the new system calls for the US to continue to advise the GVN and to recommend courses of action, but on a basis of increased "positive participation," i.e., the US will be ready to step in when gaps appear in the GVN's capabilities to cope with a particular situation.

II. THIRD COUNTRY DEVELOPMENTS

A. GVN VISITS TO ASIAN COUNTRIES

1. In a radio broadcast to the nation on 28 August, Prime Minister Nguyen Cao Ky reported on his recent visits to the Republic of China and Thailand. Ky stated that in order to check the Communist tide, "the free nations must unite themselves, not only by means of cultural and commercial exchanges, an exchange of advisors, or token mutual assistance, but by working out a common policy and strategy with definite responsibilities so that they can help one another when the need arises, and together carry out counteroffensives at the right moment." He concluded the speech by announcing that he will visit Malaysia in the next few days. Premier Ky will reportedly also visit Singapore and Korea by mid-September.

2. After attending Malaysian Independence Day celebrations in Kuala Lumpur on 31 August, GVN Foreign Minister Tran Van Do reportedly went on to Singapore to prepare for Prime Minister Ky's visit.

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3. [REDACTED] Ky was disappointed with the reception he received during his recent visit to Thailand. He reportedly stated that the Thai did not even give him a fair hearing, let alone indicate a willingness to bear a greater part of the burden for the defense of Southeast Asia against the Communists.

The Thai Government indicated to Ky that it was unable to offer the armed combat or support units he was seeking in view of the unsettled conditions in Northeast Thailand.

B. AFRICA

1. Foreign Minister Tran Van Do told Deputy Ambassador Johnson that he planned to send Vinh Tho on a tour of African nations. Tho had been nominated as Ambassador to Addis Ababa by the Quat government but is currently in Paris. Tho is to go to Tananarive, where the GVN hopes to establish representation, and, [REDACTED] will

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also stop over in Dar es Salaam to look into the question of GVN representation in Tanzania. The US Embassy has suggested that the GVN send a cabinet minister on a tour of Africa but a Foreign Ministry official said that he did not know of any minister who could now be spared. US officials have also suggested that during his Malaysia visit Tran Van Do talk to Nigerian Foreign Minister Bamali about an official GVN visit to Nigeria.

-13-

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III. DEVELOPMENTS IN THE BLOC

A. MILITARY

1. Two new surface-to-air missile (SAM) sites-- numbers 17 and 18--have been discovered in North Vietnam since 25 August. The first site, disclosed in drone photography of 24 August, is about 6.5 miles south of Hanoi. The second site disclosed by recent high altitude photography is some 75 miles northwest of Hanoi at the Yen Bai rail yard along the important Hanoi - Lao Cai rail line. The Yen Bai site is in an area that has recently come under heavy US air attacks, resulting in interdiction of the rail line at several places. It is probable that in the weeks ahead the Communists will construct additional SAM sites on this and other key lines of transportation and communication radiating from Hanoi.

2. Also since 25 August, six US aircraft have been lost over North Vietnam, all to ground fire.

B. POLITICAL

1. The first high-level North Vietnamese Communist Party delegation to gain entrance to a Western country arrived in Paris on 25 August. The delegation consists of four officials including Politburo member Le Duc Tho, Minister of Heavy Industry Nguyen Van Tran, and eight "advisors." The avowed purpose of the delegation's two-week visit to France is to hold consultations with the French Communist Party (FCP), which proffered then the invitation. Thus far, the delegation has toured noted Communist shrines in and around Paris and met with FCP officials. French Government officials have indicated that they would be willing to meet with the DRV delegation. The French officials involved would probably be medium-level representatives of the Quai.

2. The North Vietnamese Friendship delegation headed by Politburo member Hoang Van Hoan left Moscow for Hanoi on 28 August after concluding a two week visit in the USSR. The visit constituted the final leg of a six week trip which had previously taken the delegation to China, North Korea and Mongolia. While in the Soviet Union, Hoan met with leading party and government officials and was accorded a reception on a par with those given to the delegation in the other countries.

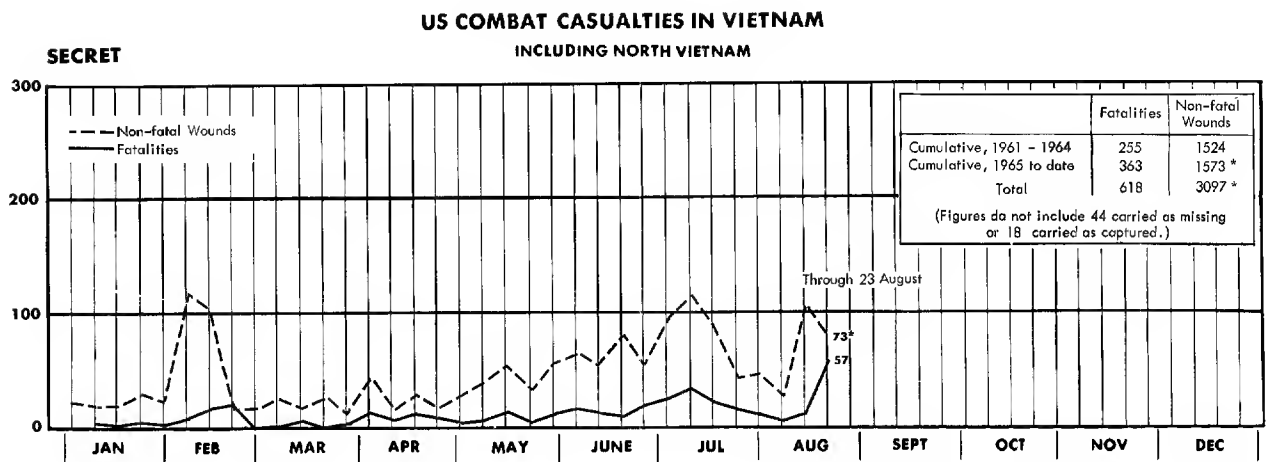
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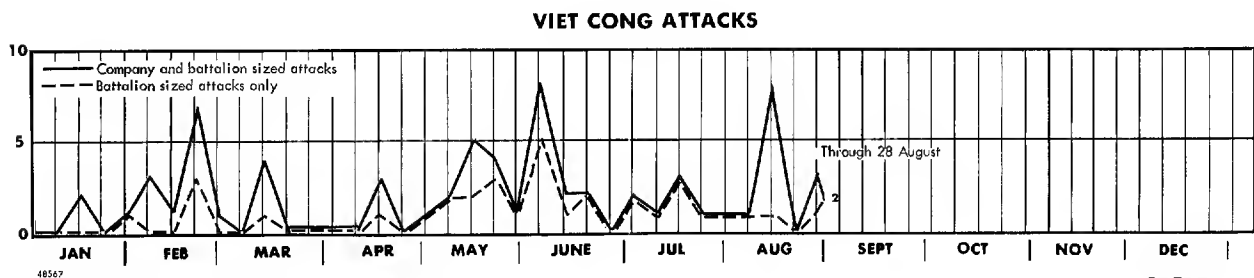
visited. In keeping with the stated purpose of the delegation "to thank these countries for their assistance to the DRV," Hoan's remarks praised the aid rendered to his country by the Soviets. However, while these remarks were well within the expected verbal flourishes demanded by the occasion, they were somewhat less effusive than those he made in China.

SOVIET UNION

Soviet Party chief Brezhnev used the occasion of a 27 August Kremlin dinner in honor of visiting UAR President Nasir to issue a sharp and personal denunciation of President Johnson's Vietnam policy. Brezhnev accused the US of attempting to starve the North Vietnamese into submission. He quoted the President as asserting "with satisfaction" that the destruction of schools, hospitals, and the irrigation network in the DRV is "in accord with the planned objective."



* Does not include final number of US wounded near Chu Lai 18-20 August.



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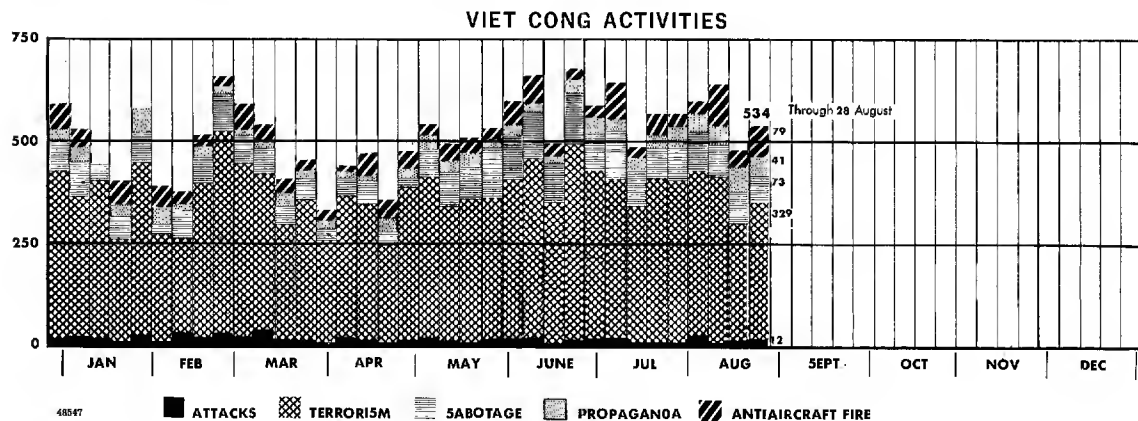
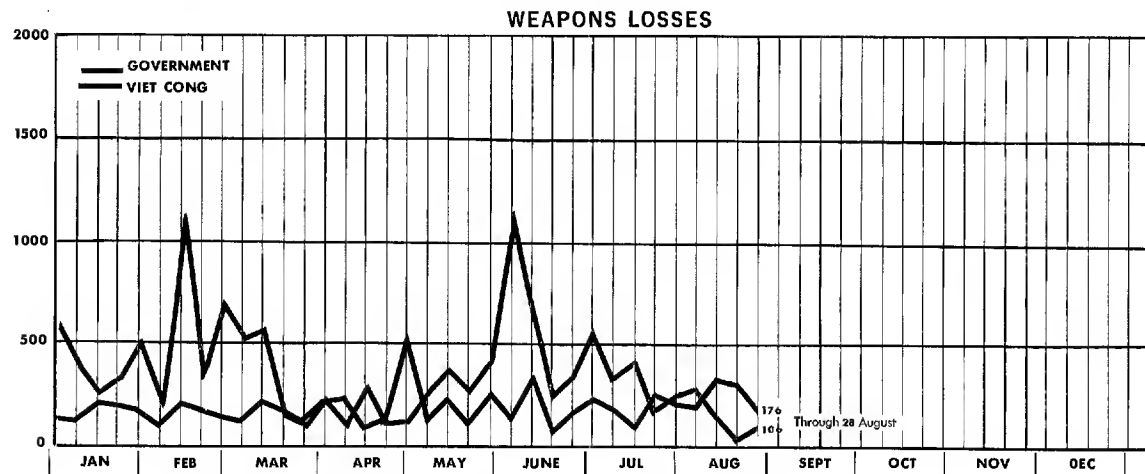
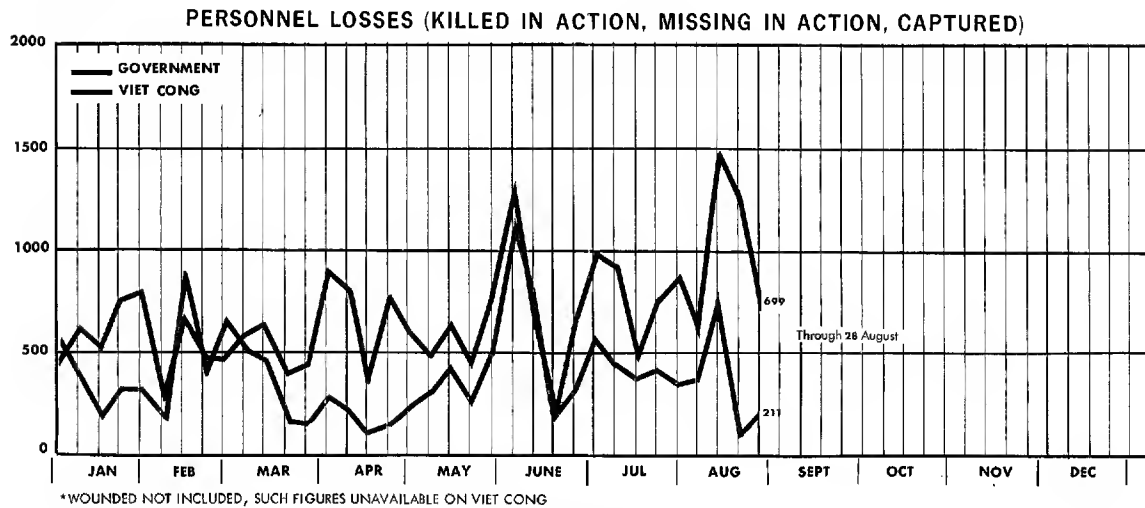
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